

**A REGULAR MEETING
OF
THE PUBLIC SERVICE COMMISSION**

1. A Regular Meeting was called to order by Chair Dallas Winslow in the Hearing Room, 861 Silver Lake Boulevard, Dover, Delaware, on Tuesday, April 1, 2014 at 10:01 and Wednesday, April 2, 2014 at 10:10 a.m. with the following Commissioners in attendance: Joann Conaway, Jeffrey Clark and Jaymes Lester.

The following Staff members were in attendance: Alisa Bentley, Julie Donoghue, Deputy Attorney General, Janis Dillard, Robert Howatt, and Kathleen Makowski, Deputy Attorney General.

2. Commissioner Conaway motioned to approve the meeting minutes from the February 6, 2014 Executive Session meeting; seconded by Commissioner Lester; the motion carried unanimously.

3. REGULAR AGENDA ITEMS:

IN THE MATTER OF THE APPLICATION OF DELMARVA POWER & LIGHT COMPANY FOR AN INCREASE IN ELECTRIC BASE RATES AND MISCELLANEOUS TARIFF CHANGES (FILED MARCH 22, 2013) – PSC DOCKET NO. 13-115

James Geddes, Esquire, Julie Donoghue, Deputy Attorney General, Kathleen Makowski, Deputy Attorney General, and Amy Woodward appeared on behalf of Staff.

David Bonar and Regina Iorii, Esquire, appeared on behalf of the Division of the Public Advocate.

Todd Goodman, Esquire, Pam Scott, Esquire, and Todd Coomes, Esquire, appeared on behalf of Delmarva Power & Light Company.

Michael Quinan, Esquire, appeared on behalf of the Delaware Energy Users Group.

A motion was made by Commissioner Winslow and seconded by Commissioner Lester to adopt Cost of Capital – Cost of Equity, Rate of Return and Related Issues at a rate of 9.7 percent; the motion 3 - 1.

A motion was made by Commissioner Winslow and seconded by Commissioner Conaway to adopt the Hearing Examiner's recommendation regarding Rate Base – Average vs. Year-end Rate Base; the motion carried unanimously.

A motion was made by Commissioner Clark and seconded by Commissioner Lester to deny DP&L's exceptions; the motion carried unanimously.

A motion was made by Chair Winslow and seconded by Commissioner Conaway to adopt Adjustment 26A but not 26B regarding Rate Base – Reliability closings – Adjustment 26A and 26B – Post-test Period Reliability; the motion carried 3 - 1.

A motion was made by Commissioner Clark and seconded by Commissioner Lester to accept the Staff's and DPA's recommendation regarding Rate Base/Revenue Requirement – CWIP & AFUDC; the motion carried unanimously.

A motion was made by Commissioner Clark and seconded by Commissioner Conaway to approve the Hearing Examiner's report with Staff's exceptions regarding Rate Base – Cash Working Capital - CWC; the motion carried unanimously.

A motion was made by Commissioner Winslow and seconded by Commissioner Conaway to approve the Hearing Examiner's decision regarding Rate Base – Prepaid Pension Asset & OPEB Liability; the motion carried unanimously.

A motion was made by Commissioner Clark and seconded by Commissioner Lester to accept Staff's exception regarding Rate Base – Credit Facility Cost; the motion carried unanimously.

A motion was made by Commissioner Clark and seconded by Commissioner Conaway to accept Staff's exception regarding IRP and RFP Deferrals; the motion carried unanimously.

A motion was made by Commissioner Clark and seconded by Commissioner Conaway to accept the Hearing Examiner's recommendation regarding Rate Base/Earnings-Medicare Subsidy Deferred Costs; the motion carried unanimously.

A motion was made by Chair Winslow and seconded by Commissioner Conaway to accept the Public Advocate's position regarding Revenue Requirement – Salary and Wage increase adjustments beyond test period; the motion carried unanimously.

A motion was made by Commissioner Clark and seconded by Commissioner Conaway to accept the Hearing Examiner's decision regarding Revenue Requirement – Non-Executive Compensation (AIP Plan); the motion carried unanimously.

A motion was made by Chair Winslow and seconded by Commissioner Clark to accept the Hearing Examiner's position regarding Revenue Requirement – Relocation Expenses; the motion carried unanimously.

A motion was made by Commissioner Clark and seconded by Commissioner Conaway to reject the Hearing Examiner's decision regarding Revenue Requirement – Healthcare Benefits; the motion carried 3-1.

A motion was made by Commissioner Clark and seconded by Commissioner Lester to disapprove the Hearing Examiner's decision and not include SERP regarding Revenue Requirement – SERP Benefits expenses; the motion carried unanimously.

A motion was made by Chair Winslow and seconded by Commissioner Lester to uphold the Hearing Examiner's and Public Advocate's recommendation regarding Revenue Requirement – IRP Recurring Costs; the motion carried unanimously.

A motion was made by Chair Winslow and seconded by Commissioner Lester to uphold the Hearing Examiner's recommendation regarding Revenue Requirement – Regulatory Expenses; the motion carried unanimously.

A motion was made by Commissioner Clark and seconded by Commissioner Conaway to approve the Hearing Examiner's recommendation and the Public Advocate's exception regarding Rate Base/Revenue Requirement – DP (Dynamic Pricing) Program; the motion carried unanimously.

A motion was made by Chair Winslow and seconded by Commissioner Conaway to approve the Hearing Examiner's recommendation regarding Rate Base/Revenue Requirement – DLC (Direct Load Control) Program; the motion carried unanimously.

A motion was made by Commissioner Clark and seconded by Commissioner Conaway to accept the Hearing Examiner's recommendation regarding Revenue Requirement – Corporate Governance; the motion carried unanimously.

A motion was made by Commissioner Clark and seconded by Commissioner Conaway to accept the Hearing Examiner's recommendation regarding Revenue Requirement – Meals and Entertainment Expenses; the motion carried unanimously.

A motion was made by Commissioner Conaway and seconded by Commissioner Winslow to adopt the Hearing Examiner's recommendation regarding Revenue Requirement – Membership Fees and Dues Expenses; the motion carried unanimously.

A motion was made by Chair Winslow and seconded by Commissioner Conaway to adopt the Staff's position regarding Revenue Requirement – Wilmington Franchise Tax; the motion carried unanimously.

A motion was made by Chair Winslow and seconded by Commissioner Clark to adopt the Hearing Examiner's recommendation regarding Revenue Requirement – Interest Synchronization; the motion carried unanimously.

A motion was made by Commissioner Clark and seconded by Commissioner Conaway to accept the Hearing Examiner's recommendation regarding Cost of Service – Demand Allocator for the Costs of the Underground and Overhead Distribution Facilities, Cost of Service – Allocator for the Costs of Transformers, and Cost of Service – The Cost Allocation Approach Used; the motion carried unanimously.

A motion was made by Chair Winslow and seconded by Commissioner Lester to adopt Staff's and the Public Advocate's position regarding Cost of Service – Load Data and AMI; the motion carried unanimously.

A motion was made by Chair Winslow and seconded by Commissioner Conaway to uphold the Hearing Examiner's recommendation regarding General Service Transmission except cap of 50 percent for GST and a second motion was made by Commissioner Clark and seconded by Commissioner Lester to accept the Hearing Examiner's recommendation regarding Gradualism with the balance of the revenue requirement paid by the other classes; both motions related to Rate Design – Gradualism and General Service Transmission Service; both motions carried unanimously.

A motion was made by Chair Winslow and seconded by Commissioner Clark to accept Staff's recommendation regarding Uncontested – AMI; the motion carried unanimously.

A motion was made by Chair Winslow and seconded by Commissioner Lester regarding the Uncontested Issues; the motion carried unanimously.

A motion was made by Chair Winslow and seconded by Commissioner Conaway regarding Other – UFRC Tariff and LED lighting; the motion carried unanimously.

A verbatim transcript was made of this proceeding.

4. DIRECTOR'S COMMENTS:

Artesian Water Company gave a presentation to the Commission regarding the State of the Company.

A verbatim transcript was made of this proceeding.

There was no further business and the meeting of April 1, 2014 adjourned at 5:00 p.m. and on April 2, 2014 and at 4:35 p.m.

Respectfully submitted,

/s/ Alisa Carrow Bentley

Secretary